

April 28, 1975

PRESIDENT: Senator Stoney.

SENATOR STONEY: Mr. President, members of the Legislature, once again we come now, I guess, to the final coup de grace on this particular item. Attempts have been made, the bill was killed originally. It has been revived for reconsideration because I think the members in this body found that the bill has merit. We have survived three or four attempts to mutilate the bill, chop off its arms and legs, let it die. I would hope that you would defeat this kill motion because I can assure you that this bill will be beneficial to those people that have policies in this state of Nebraska. Thank you.

PRESIDENT: Senator Kelly.

SENATOR KELLY: Mr. President, members of the Legislature, I certainly support the kill motion, and my qualifications to speak on life insurance is that I've lived for 54 years and that is it. I am still alive and still kicking and still paying premiums and still borrowing money on the cash value of my life insurance policy and I am well aware that this all comes about by simple arithmetic. If you move the rate that is going to be borrowed on the life insurance cash values, you move that up. The premium will go up and the dividends will go up and everybody will think that the insurance company are magic workers. They are doing nothing more than managing our money and paying it at a time to the individual, when the individual really needs the money, and that is when the beneficiary needs it not the individual that died. There is no magic in 8% or 6% or 5% but there is a lot of magic in we who have money invested in cash values of life insurance having that available to us at a given low interest rate. Now the 6% that we have now has come along and developed over the years. We all have policies that are at 5% and some of us have policies that are at 4% but those policies are just as sound actuarially and financially as they were the day they were written because of the mathematics of insurance. Now the dividends that we receive from mutual companies or from participatory stock companies has to do with the difference in the earnings over the costs of managing the portfolio that the insurance company operates with our money. There will be no advantages on premium or dividends if we go to 8% on the policy nor there will be no disadvantage if we stay at 6%. The only thing that can be gained by anybody in this change is that it will appear that sometime in the future that the insurance industry is a tremendous benefit to the individual person that we can make ourselves the benefit of our own activities by holding that interest rate down so that we can do our own work with our own money instead of having the insurance company do it for us and send it back to us in the form of a premium discount or in the form of a dividend. There is no merit in 528 at all as far as I am concerned and I certainly will vote to kill the bill.

PRESIDENT: Senator Cavanaugh.

SENATOR CAVANAUGH: Mr. President, members of the Legislature, I am, of course, in favor of killing the bill. In the articles I passed out to you, in the second article, Life Insurance Company Weathers Recession Well, and I underlined certain portions, you will note that last year 284